

United States Senate

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September 23, 2011

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Chairman Julius Genachowski
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45
Lifeline and Link-Up, WC Docket No. 03-109, Lifeline and Link-Up Reform
Modernization, WC Docket No. 11-18, 11-42

Dear Chairman Genachowski:

Over the years, many low-income Washington State families in both tribal and non-tribal areas have benefitted from the Universal Service Fund's Lifeline and Link-Up programs. These low-income support programs currently make it possible for over 130,000 Washington families to have basic telephone service that they otherwise could not afford. Even with over 98 percent of Washington households having telephone service, there are still places in my state, particularly in Tribal areas, where we still need to do a better job in ensuring that all families have a working telephone connection.

Much has changed in the communications marketplace since these programs were created in the wake of the AT&T breakup in 1984 and broadened after passage of the Telecommunication Act of 1996. For example, when the programs began, mobile phones were not considered a consumer product. Now, wireless constitutes a significant and growing part of the Lifeline program. Conversely, the actual cost for connecting a phone under the Link-Up program has fallen over the decades, as it is now done through software at the central office rather than sending a technician out into the field. Also, there is growing consensus that these universal service programs need to be re-oriented towards assisting low-income households adopt broadband services, in addition to subsidizing basic telephone service.

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I applaud the Commission in its efforts to reform and modernize these essential programs. The Federal-State Joint Board on Universal Service (Joint Board) made a number of recommendations regarding the Lifeline and Link-Up programs that forms the basis of the Commission's Notice of Proposed Rule Making released in March. The recommendations and actions the Commission took in its recent Report and Order to reduce waste, fraud, and abuse in the program are spot on. USAC should accelerate its efforts to complete its audits of all 50 states and U.S territories, to ensure that only one phone per household receives a subsidy under the Lifeline program. Additionally, I believe that despite the upfront time and cost to develop a national database, it will pay off in the long run to improve the administration of the Lifeline and Link-Up programs.

The Commission has identified controlling the size of the Lifeline program as one of its objectives for the reform. For all the good these universal service programs do, we should never lose sight that their costs are reflected ultimately in consumers' telephone bills. The Lifeline program grew from an inflation-adjusted \$667 million in 2000 to \$1.3 billion in 2010. While this increase is significant, it still only represents roughly one-third of the 25.7 million eligible households nationally that could participate in the program. As you know, the Joint Board recommended that the Commission seek further comment on whether the current eligibility requirement of household income at or below 135 percent of the federal poverty guidelines should be raised to 150 percent for the existing Lifeline and Link-Up programs in states that include an eligibility option based only on household income. If income level for program eligibility is raised, expect further growth in the program. The size and growth trajectory of these programs is also dependent on whether the Commission decides to expand them to include broadband. The recently announced Lifeline broadband pilot will help answer some of these questions. For these reasons I believe it is premature for the Commission to reach a decision regarding capping the low-income fund programs until the Commission has a better sense of the level of support required for its transition of these programs to incorporate broadband – whether as a standalone service or as part of a bundle with voice.

One of the items that the Commission is seeking comment on that I do have concerns about from a practical standpoint is requiring Lifeline recipients to pay a nominal amount for the service they receive. I understand the goal for having participating households remit some minimum monthly amount is to reduce waste, fraud, and abuse. My assumption going forward after the Commission's new measures are implemented is that households participating in the program are eligible and that duplicate enrollments are minimal. Secondly, there are populations who we really need to reach with such services, but do not have a permanent street address, and thus are not eligible. Some of these individuals and families live in shelters or with friends - basically in a series of temporary situations. Community Voice Mail (CVM), a national not-for-profit headquartered in Seattle, provides voice mail to people without permanent residences who do not have a consistent phone number, allowing these individuals to stay connected with potential employers, family, and friends. CVM has described to me the challenges of reaching these populations. If the eligibility criteria of Lifeline were changed to allow such populations to take part in the program, even a nominal charge would likely deter their participation.

Again, I want to congratulate you and the other Commissioners' efforts to reform and modernize the Lifeline and Link-Up programs.

Sincerely

A handwritten signature in blue ink that reads "Maria Cantwell". The signature is fluid and cursive, with a horizontal line drawn underneath the name.

Maria Cantwell
United States Senator

cc : Commissioner Michael Copps, Federal Communications Commission
Commissioner Robert McDowell, Federal Communications Commission
Commissioner Mignon Clyburn, Federal Communications Commission



FEDERAL COMMUNICATIONS COMMISSION

October 18, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Maria Cantwell
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cantwell:

Thank you for your letter concerning the Commission's efforts to reform and strengthen the Universal Service Lifeline/LinkUp program. I appreciate your thoughts on this important program. Your letter has been entered into the record of the Commission's pending Lifeline/LinkUp Reform and Modernization proceeding.

The Commission is evaluating a number of proposals designed to eliminate waste, fraud, and abuse, and otherwise improve the Universal Service Fund. At the same time, the Commission is seeking comment on whether any proposals in its *Notice of Proposed Rulemaking (NPRM)* would impose unreasonable barriers to enrollment and participation by eligible consumers and households.

In addition, the Commission recently issued a Public Notice seeking targeted comment on four issues raised in the *Lifeline/Link Up Reform NPRM*, including the design and implementation of a Lifeline/Link-Up broadband pilot; the one-per-residential-address proposal; revising the definition of Link Up; and improving methods for verifying continued eligibility for the program. I believe that the Commission's analysis would benefit from further development of these issues in the record.

I look forward to working with you to ensure access to telecommunications and broadband for all Americans. Please let me know if I can be of any further assistance.

Sincerely,

Julius Genachowski